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TELECOMMUNICATIONS®
TIA
INDUSTRY ASSOCIATION

September 1, 1999

NOTICE OF EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
12th Street Lobby, TW-A325
Washington, D.C. 20554

Re: CC Docket No. 96-98, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996

Dear Ms. Salas:

On August 31, 1999, representatives of the Telecommunications Industry Association (TIA) met with Dorothy Attwood of the Office of the Chairman regarding the above-captioned proceeding. The discussion related to TIA's previous filing in the docket.

An original and one copy of this letter, as well as TIA's presentation material, are submitted and a copy has been forwarded to Ms. Attwood, pursuant to 47 C.F.R. § 1.1206. If you have any questions about this submission, please contact the undersigned.

Sincerely,

Derek R. Khlopin

Derek R. Khlopin
Regulatory Counsel

Enclosure

cc: Dorothy Attwood

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List ABCDE

Government and International Affairs Office
1300 Pennsylvania Avenue • Suite 350
Washington, DC 20004
202.383.1480 • FAX 202.383.1495
www.tiaonline.org • TTY 202.383.1499

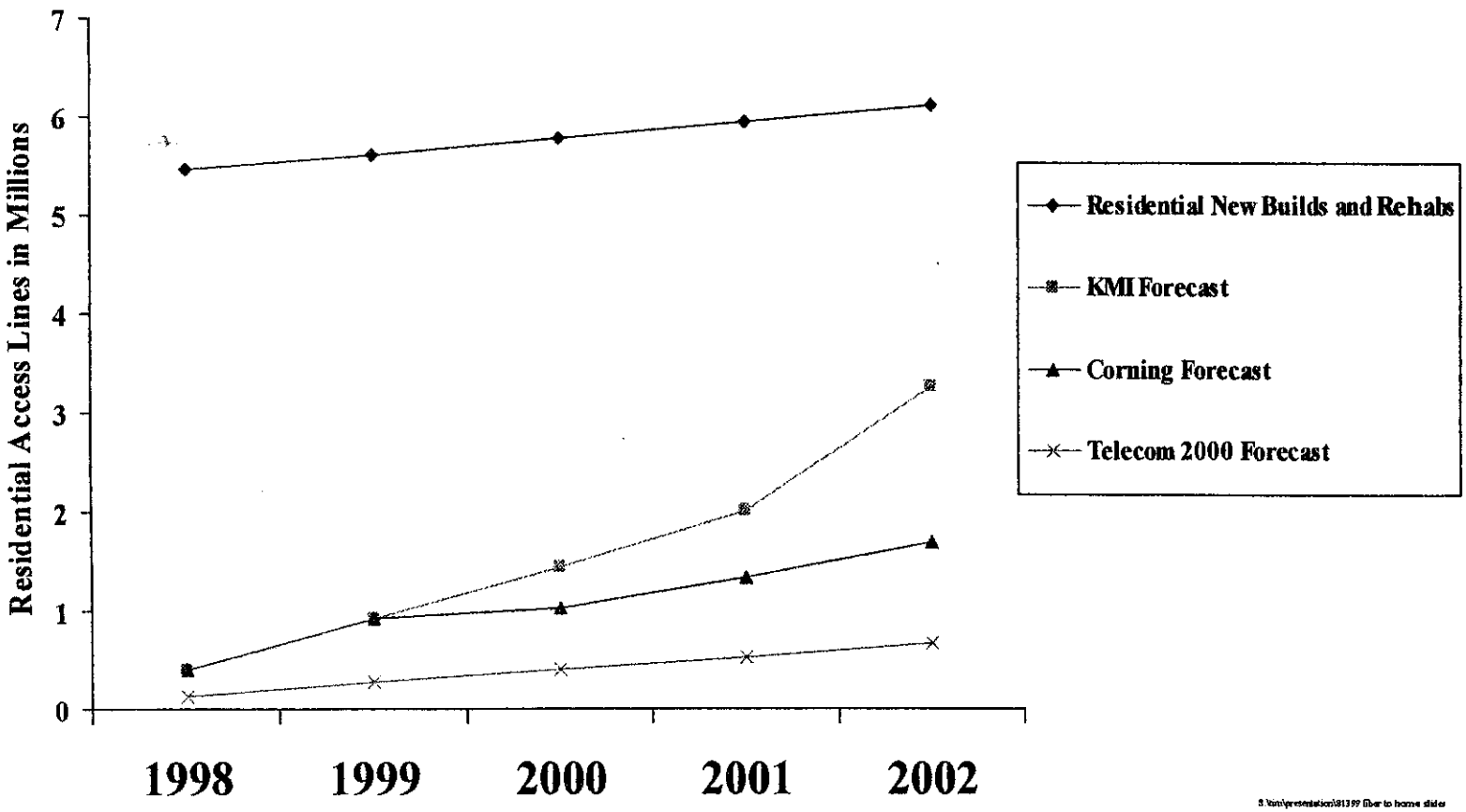
Proposal

- Refrain from unbundling "new residential broadband loop facilities"
- "New residential broadband loop facilities" must:
    1) be new builds or total rehabs deployed after July 1,
    2) provide service only to residential subscribers, and
    3) be capable of delivery POTS, 10 Base T data, and VHS quality video

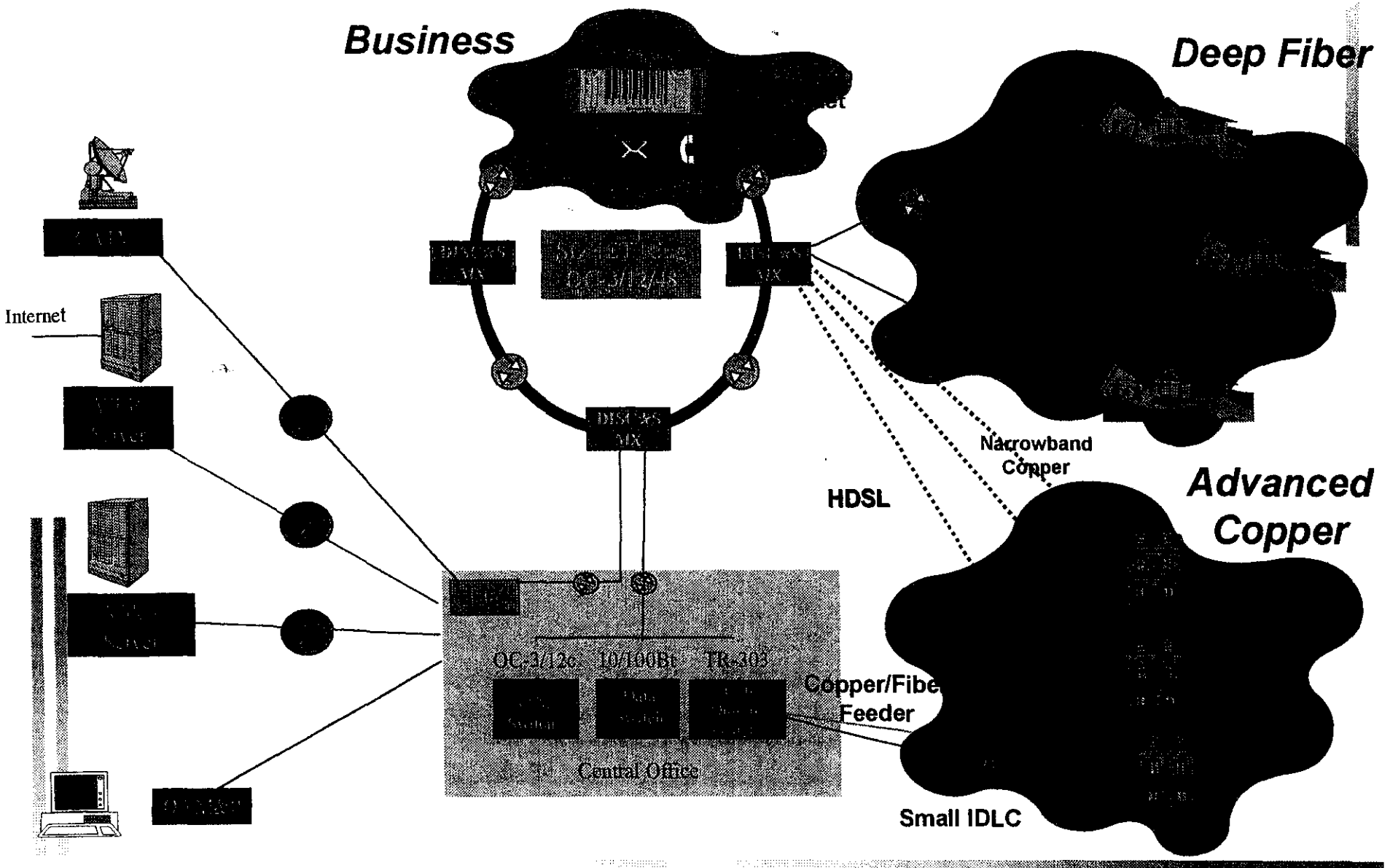
Premise for Proposal

- Regulatory failure is occurring in deployment of new "residential broadband loop facilities"
- Supreme Court said "unbundling" has limits under Section 251 (d)(2)
- Thus, FCC can take action to correct regulatory failure by imposing reasonable limits

Regulatory Failure: "True Broadband" Deployment Below Expectations



Marconi's Product Coverage



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Marconi's Deep Fiber Solution

Marconi is Enabling Deep Fiber Distribution Deployment Today

- **An Estimated 1,000,000 RELTEC 'FTTC' Access Lines of Capacity deployed at year-end 1998**
- **Fiber is Deployed Within 500 Feet of End User**
  - **No passband modulation required**
- **Single Fiber, Lowest Power, Longest Reach**
- **Enables Transition to Extremely High Service Rates:**
  - **Fast Ethernet (100 Mb/s) and Even Gigabit Ethernet (1 Gb/s) Rates are enabled**
  - **ATM25 directly to end user**
  - **"Fiber-to-the-Home" Functionality**

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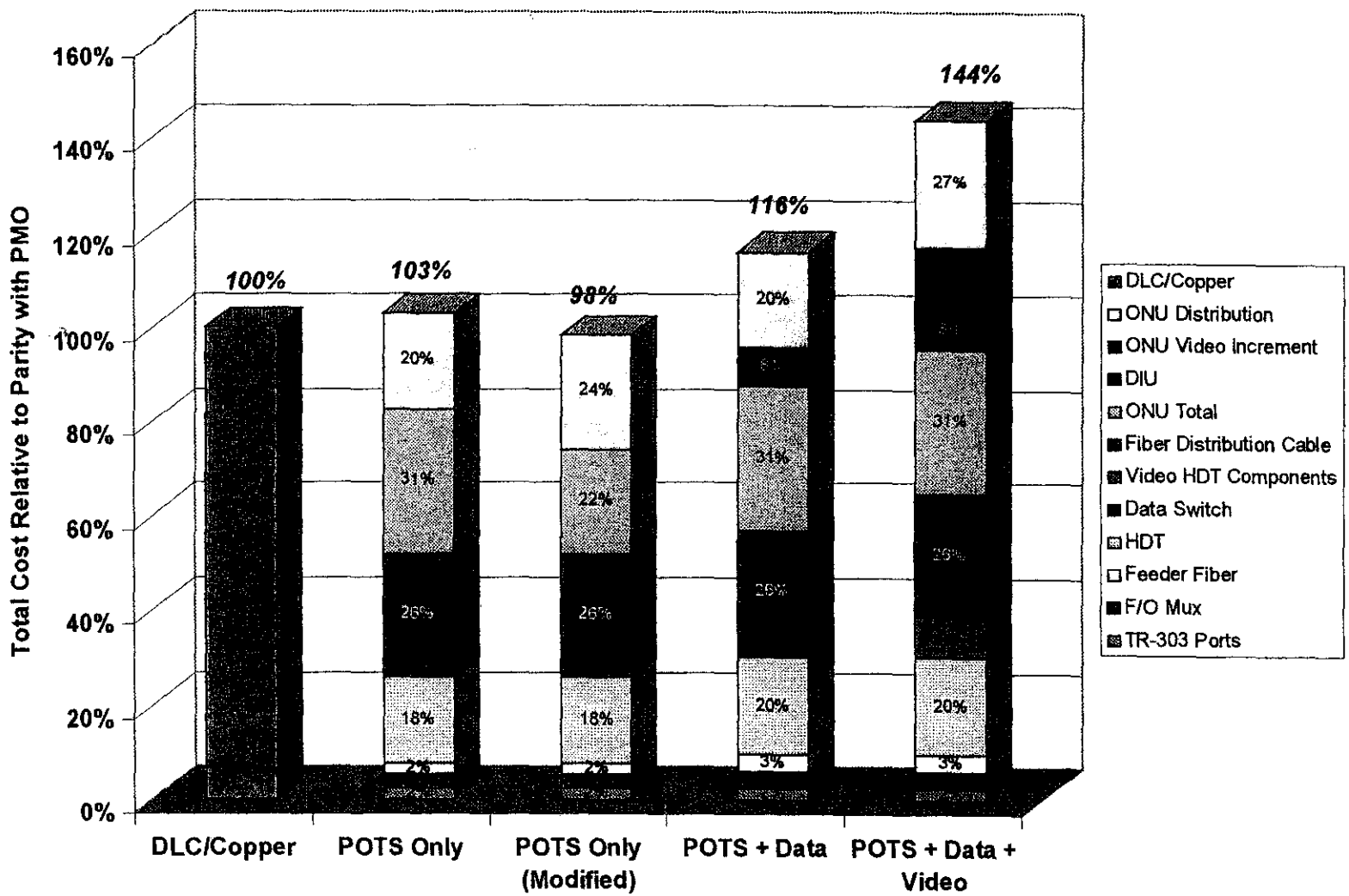
FTTC at Cost Parity to Traditional Deployment



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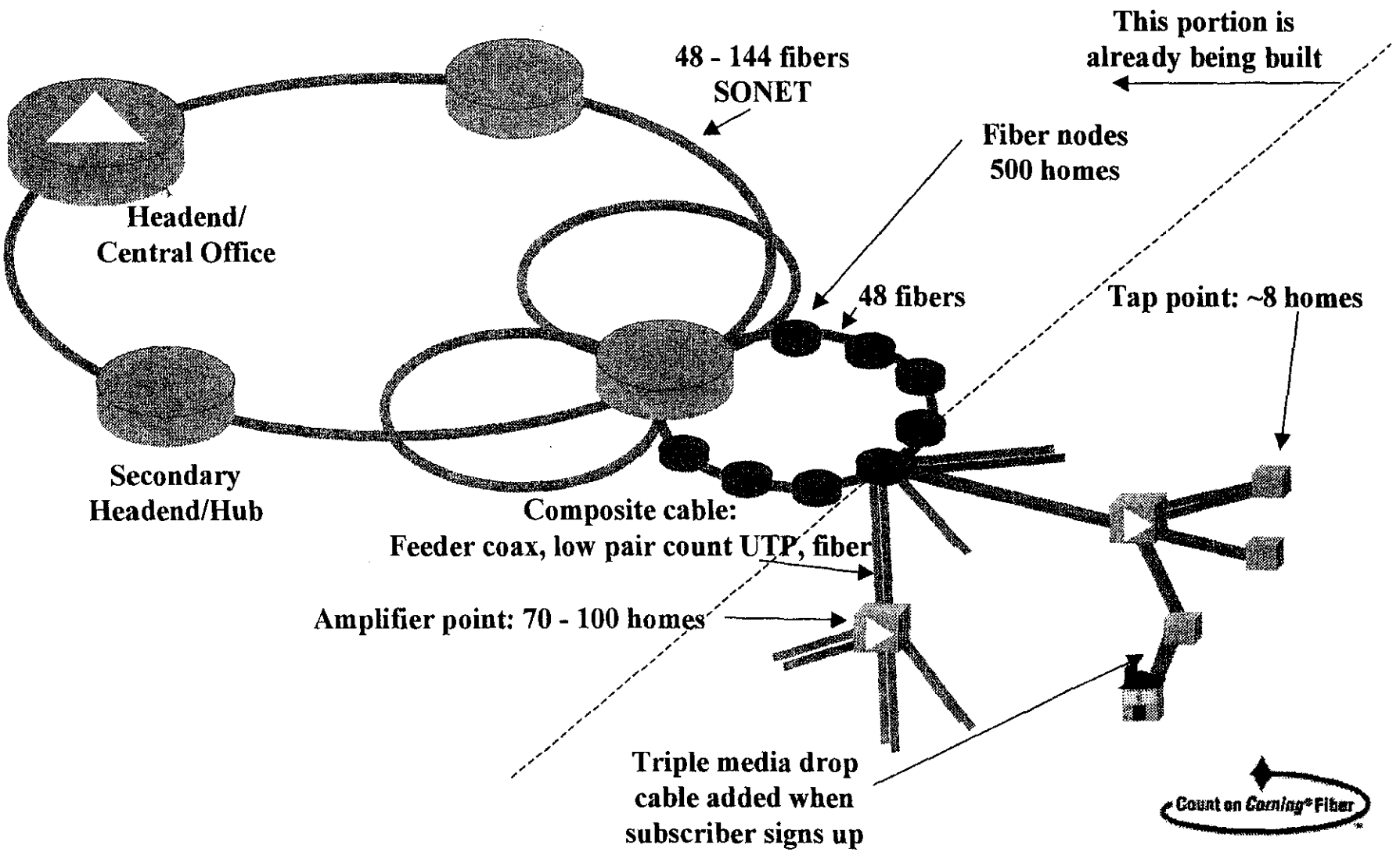
CORNING

Overlay Architecture



Overlay Architecture

- UTP, coax and fiber (MMF, possibly SMF)
- Triple-media drops installed when subscriber signs up
- Passive Optical Network (PON) structure
  - Allows for no active electronics in the field
  - Can be used for a variety of transmission types
  - Easy upgrade to other higher-speed technologies

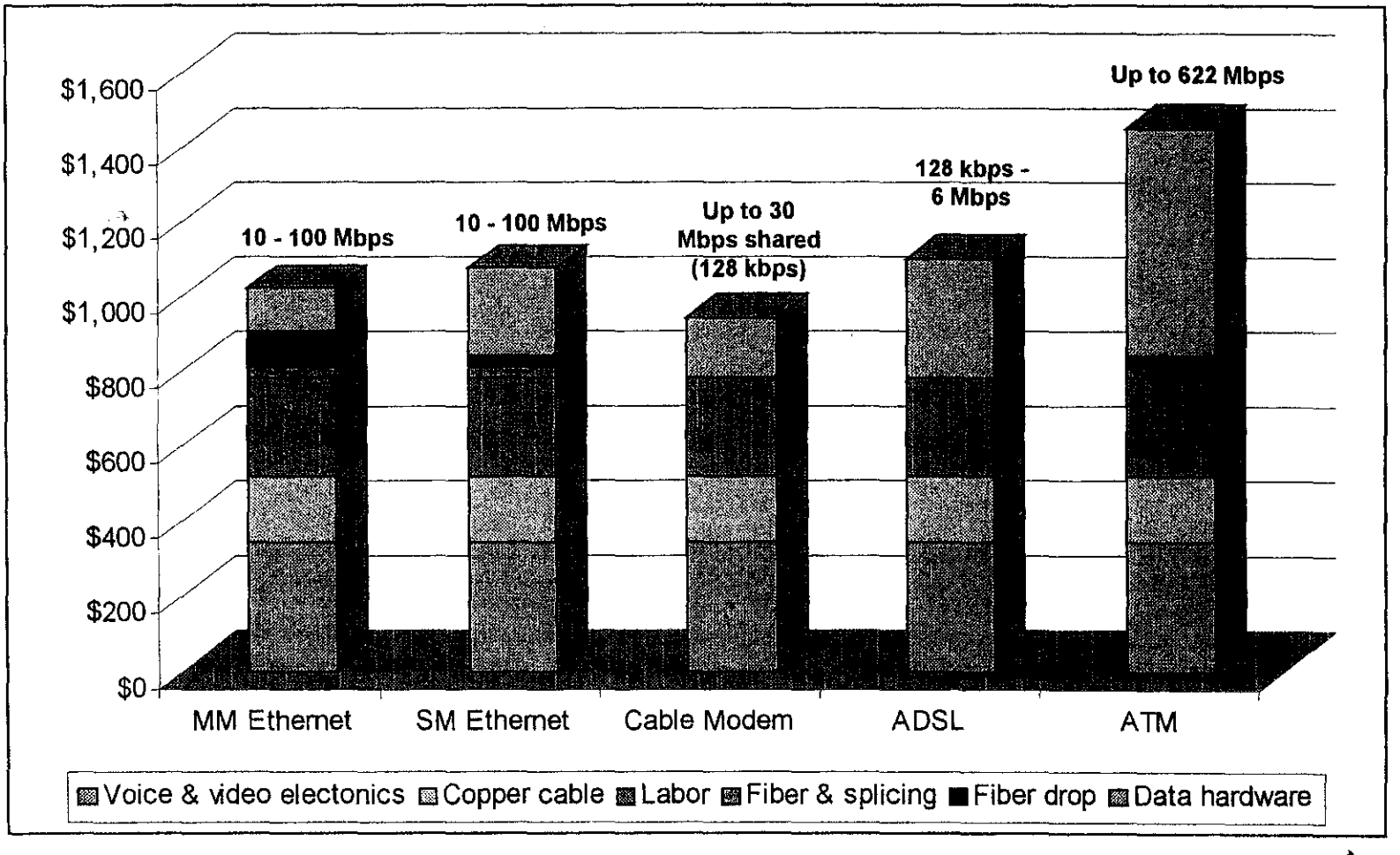
Addressing the Traditional Barriers

- Labor costs minimized
  - Lay fiber with copper, shares installation cost
  - Use of composite cable for labor savings
  - ...but still costs more than using existing net; therefore this is likely a new build option
- Native format reduces premises hardware
  - Analog-digital conversion
  - Optical-electrical conversion
- Greater cable costs, but offset by hardware reduction

Other Advantages

- Maximum flexibility for data over fiber
  - ATM, Ethernet, VDSL, SONET, etc.
  - Allows choice of electronics, fiber
  - Data rates of 10 Mbps - 10 Gbps
- Upgrade path built in
  - Data over fiber now, migrate voice and video onto fiber as electronics prices dictate
  - 10 Mbps - 100 Mbps without replacing customer premises equipment
  - Gbps speeds with simple equipment upgrades
- Avoids issues like lifeline power, etc.

Cost Model Results



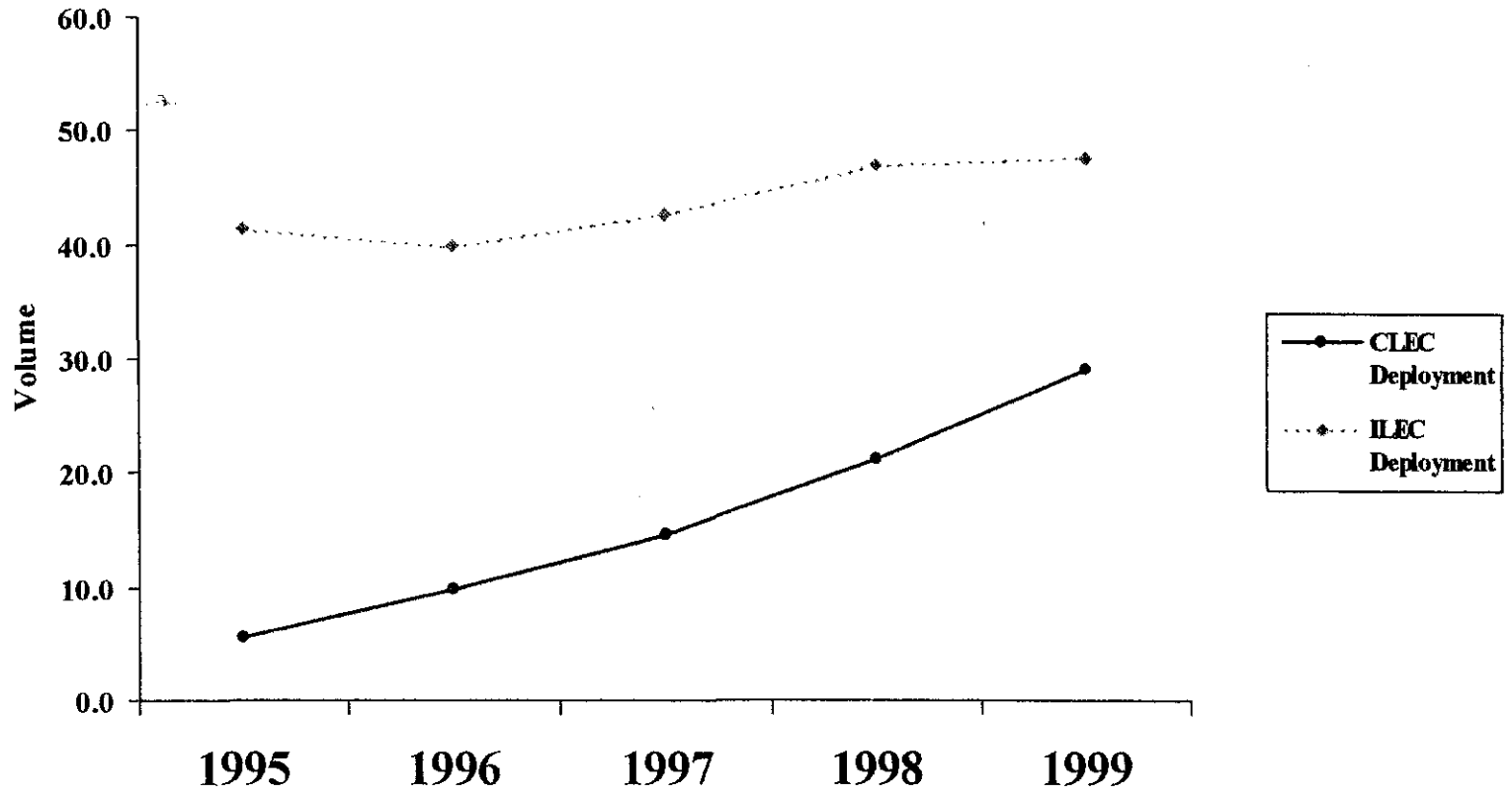
* For urban build, per premise passed at 35% take rate

Count on Corning® Fiber

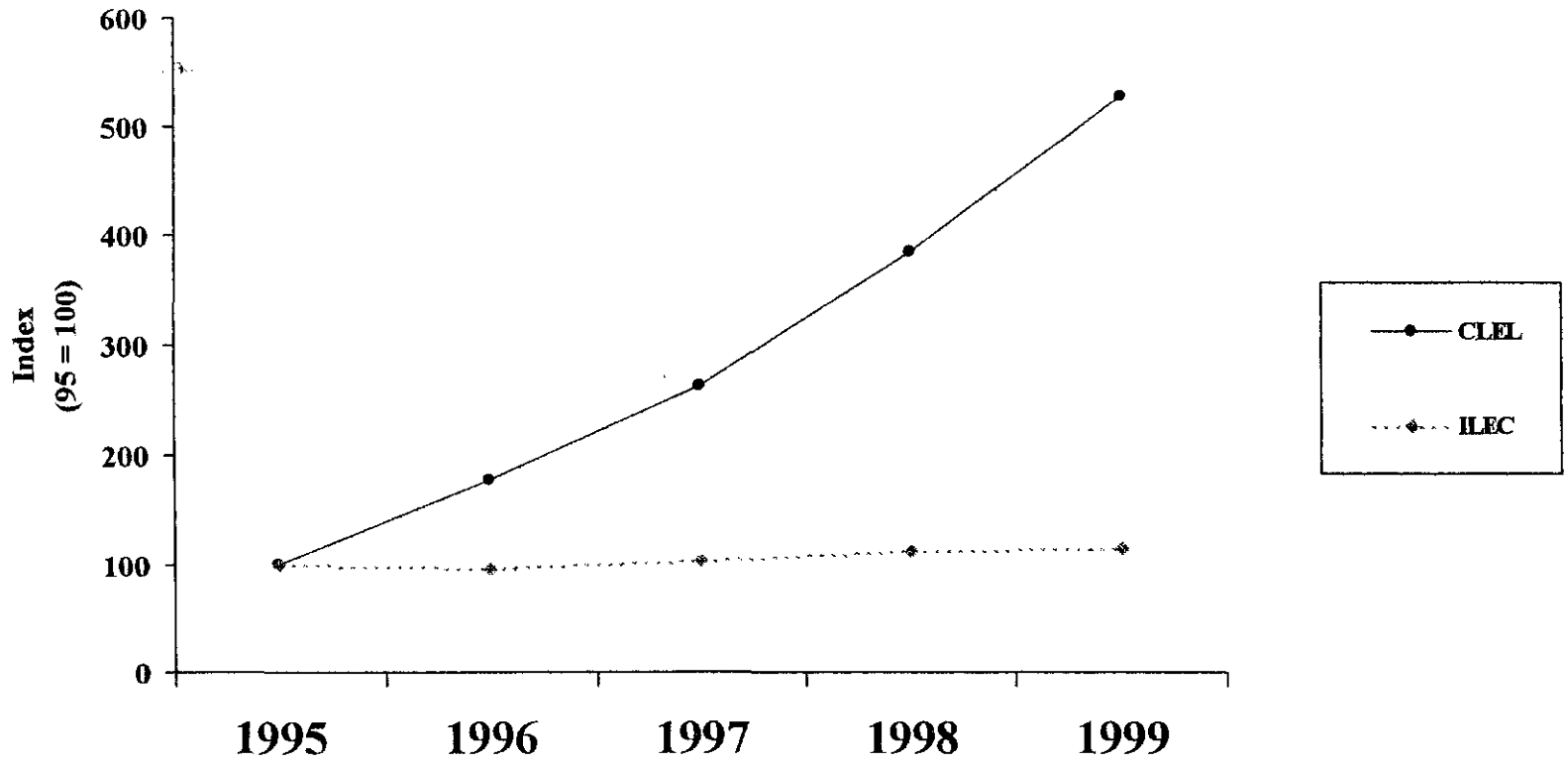
Court Opinion

- FCC can't "blind itself to the availability of elements outside the incumbent's network" in determining what is "necessary"
- Any increase in cost or decrease in quality does not provide the basis for "impair"
- FCC must determine on a "rational basis" which elements to unbundle given Act objectives and "necessary" and "impair" requirements

CLECs Aggressively Deploying Optical Fiber:
CLEC vs ILEC Deployment 1995-1999



CLECs Aggressively Deploying Optical Fiber:
CLEC vs ILEC Growth, Indexed to 1995=100



1998 CLEC vs ILEC Deployment of "New Residential Broadband Loop Facilities"

COMPANY	1998 ILEC DEPLOYMENT (homes passed)	1998 CLEC DEPLOYMENT (homes passed)
Ameritich	5,000	--
Bell Atlantic	80,000	--
BellSouth	200,000	--
NYNEX	60,000	--
Pac Bell	--	--
SBC (excl'g PacBell)	15,000	--
US West	10,000	--
GTE	--	--
Other ILEC	25,000	--
RCN	--	304,000
Other CLEC	--	15,000
TOTAL	395,000	319,000

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Conclusion

- Regulatory failure is serious
- Solution is to refrain from unbundling new residential broadband loop facilites
- Solution consistent for 251 (d)(2) and Court remand because:

    1) ILECs don't have such facilities
    2) only choice CLECs have is to build facilities
    3) CLECs can, and do, deploy such facilities below ILEC cost

Conclusion (con't)

4) Failure to unbundle such non-existent facilities does not violate the "necessary" and "impair" requirement